

Message Text

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PAGE 01 JIDDA 01381 250540Z

21

ACTION NEA-10

INFO OCT-01 EB-07 ISO-00 TRSE-00 /018 W

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TO SECSTATE WASHDC 3816

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AMCONSUL DHAHRAN

LIMITED OFFICIAL USE JIDDA 1381

DEPT PASS TREASURY FOR OSAA

USDOC PASS CAGNE

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: JUBAIL DESALINATION PLANT: PHASE I, PART I, BIDS OPENED

REF JIDDA 959 (NOTAL), JIDDA 1307 (NOTAL)

1. BIDS ON THE JUBAIL PHASE I, PART I
(DESLTING PLANT) OF 5 PARTS, WERE OPENED
FEBRUARY 22 AT THE SALINE WATER CONVERSTION
CORPORATION OFFICES IN JIDDA.

2. BIDS WERE AS FOLLOWS:

KAISER/BIN LADEN/WESTINGHOUSE SR 2,299,450,000

KRUPP (GR) SR 1,309,725,350

SASAKURA (JA) SR 1,140,699,876

SIDEM (FR.) SR 685,007,960

IHI (JA) SR 656,400,000

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3. KAISER/BIN LADEN/WESTINGHOUSE (K/B/W) IS

UNDERSTANDABLY DISAPPOINTED WITH THEIR POSITION
RELATIVE TO THE OTHERS. THEY BELIEVE THEIR
ONLY HOPE FOR SECURING THE CONTRACT DEPENDS
ON AN ATTRACTIVE PACKAGE COMBINING PARTS I AND
II (POWER PLANT). THEY FEEL THE SAUDIS WOULD
PREFER PICKING ONE FIRM FOR BOTH PARTS SINCE THEY
ARE SO CLOSELY INTERRELATED, AND K/B/W REALIZES
THE ODDS AGAINST THEM AND WILL ADJUST THEIR
PART II BID ACCORDINGLY.

4. K/B/W'S ADDITIONAL FEAR IS THAT IT WILL BE
DISQUALIFIED FROM BIDDING ON PART II (BID DATE
MARCH 20) BECAUSE IT MAY BE JUDGED UNRESPONSIVE
TO PART I. REASONS: 1) K/B/W MADE NO REFERENCE
TO BOYCOTT REGULATIONS IN THEIR BID PRESENTATION;
2) K/B/W STIPULATED THAT WORK DONE OUTSIDE SAUDI
ARABIA WOULD BE "FIRM PRICE" BUT K/B/W ALSO STATED
THAT THIS WORK WOULD BE SUBJECT TO SOME
"ESCALATION." 3) WORK DONE IN SAUDI ARABIA WOULD
BE ON A COST-PLUS BASIS.

5. CONTRACT MUST BE AWARDED FOR PART I BY
JULY 22 (5 MONTHS AFTER BID DATE).

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